A PRACTICAL SYSTEM
FOR THE
SALE OF PATENT RIGHTS.

A PRACTICAL SYSTEM

FOR THE

SALE OF PATENT RIGHTS

FOR THE USE OF

INVENTORS AND PATENT OWNERS,

ENABLING THEM TO

DISPOSE OF THEIR OWN PATENTS

WITH CERTAINTY, SAFETY AND PROFIT

WITH OTHER

Valuable Information for Inventors.

SECOND EDITION.

BY CHAS. B. MANN.

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CONTENTS.

INTRODUCTORY.

THIS volume is prepared in the interest of Inventors only. The constant aim of the author has been to deal with every part of the subject in a plain, common sense way, to present in a condensed form practical advice to those seeking to sell their Inventions, or who wish to effect arrangements for the manufacture of their improved articles on royalty.

It is assumed that all Inventors or Patent Owners into whose hands this Book may fall are desirous of realizing from their Patents, and would have done so ere this if they had only known how to effect their purpose; the endeavor is here made to point out some practical methods and to suggest such plans as will be likely to aid the inexperienced in the accomplishment of the result they so much desire.

How many deserving Inventors there are who have no business faculty to originate a plan to sell their inventions, and who are to-day leaning on their Patents trusting for some favorable development that is to lead to a realization of their hopes, but who, not meeting with success, are compelled to live in a continual hand-grip with poverty. It should be borne in mind that, however minutely certain rules may be laid down, the judgment of the Inventor must, after all, be relied on; it is, however, believed to be hardly

possible that a Patentee will fail to find a purchaser for a practical invention of merit, if he will endeavor first to understand, and then intelligently to put into practical use the directions and instructions here given.

THE FIRST THING TO BE DONE.

We will suppose that you have made a really meritorious invention, and have secured a Patent therefor. The first thing to do is to decide *how* you prefer to operate it so as to realize. This is an important matter and requires careful thought.

Some inventions can be successfully worked in one manner, and others must be managed entirely different. If a general rule can be given we should say that (1st) an improvement on any common article, machine, implement or process, which can be made or used *complete and perfect* without infringing any patent in force, the same not being sold by Merchants as an article of trade, can be sold if desired by State, County, Town or Shop Rights. Of this class may be named

Agricultural Implements.
Boot and Shoe Machinery.
Brick Machines.
Carriages, some improvements.
Fences.
Gates.
Gas Improvements.
Household Articles.
Leather, (tanning.)
Looms.
Mill Improvements.

Photography, some improvements.
Steam Engines.
Wash Boilers and Machines.
Wood-Working Machinery, &c.

(2d.) Any invention which is an improvement on a part of some patented machine, implement or process, of a character requiring a large outlay of capital, or which is an article that is sold generally by the trade, (that is by store-keepers)—as for instance an improvement in Door Locks, all such Patents had better be sold or let on royalty *to the manufacturer* of the Patent Machine on which it is an improvement, or to those who make such articles for the trade. State and County Rights cannot well be sold on such Patents as the following:

Brushes.
Billiard Tables.
Clocks.
Carpenters' Tools.
Fishing Tackle.
Fire Engines.
Hinges.
Locks.
Musical Instruments.
Printing Presses.
Surgical Instruments.
Skates, etc.

But good improvements on these articles may always be sold to the Manufacturer.

Each Patent Owner must decide for himself *how* he will operate his patent, whether he will sell territorial rights, that is, dispose of the patent franchise by piece meal, or sell the entire Patent with all interest to one

party, or contract with a Manufacturer to make and sell the article on the payment of a royalty to the Inventor.

ROYALTY.

An Inventor enters into a written contract with a manufacturer agreeing to allow him to make and sell his patented article, in consideration of the latter paying a specified sum or duty upon each article when sold. The manufacturer terms this authority his license, and the duty or license-fee is called Royalty. This is a common method of realizing from a Patent, and one that manufacturers generally prefer; and it often proves a very profitable method of operating a patent, sometimes producing a large annual revenue to the owner.

THE RATE FOR ROYALTY.

The amount of royalty, or license fee, to be asked by a Patentee, when giving a license in this way, should be regulated by the character of the improvement, and will vary from three to twenty per cent. on the retail price of the article.

Of course manufacturers aim to secure the use of a Patent by payment of as small a royalty as the Inventor will submit to; and those Inventors who expect to license several manufacturers will only need to be reminded that whatever license fee or rate of royalty they accept from the first party will likely become the te for all subsequent manufacturers.

VALUABLE SUGGESTIONS.

If the improvement is of doubtful utility, or if the claims of the Patent are not broad enough to practically exclude similar articles from the market, or should there be any reasonable doubt about a manufacturer selling a large number, in either such case we advise Inventors to decide against the royalty plan, and endeavor to sell the Patent outright.

But in case it is determined to license manufacturers, be careful to include the following points when making the contract.

HOW TO MAKE A CONTRACT WITH A MANUFACTURER.

If it is the intention to license several parties, be careful to use no term, in the first contract, that can be construed to mean *exclusive.* At stated times, either monthly or quarterly, the manufacturer should be required to render to the Inventor a true and exact account of the number of articles made and sold, and to this statement he should make oath. The Inventor or his accredited agent should have the privilege to examine the manufacturer's books, to satisfy himself of the correctness of the account.

State when the license fee shall be due and payable.

The manufacturer should not be left free to make as many or as few as he pleases, for if the new article would interfere with anything else which he was engaged in manufacturing he might prefer to make none at all; therefore the contract should contain a clause binding the manufacturer to pay a certain amount, monthly or quarterly, as the case may be, even should he not make and sell enough articles to equal that sum at the rate of royalty agreed on.

Reserve the right to revoke and terminate the license, in case the manufacturer does not pay promptly the license fee agreed on. It is well also to reserve the right to sell the Patent at any time after, say, three years.

The following is recommended as

A FORM FOR LICENSE CONTRACT.

This agreement, made this 1st day of June 1875, between David O. Smith, of Elmira, Illinois, party of the first part, and James L. Moore, of Cincinnati, Ohio, party of the second part, witnesseth—

That whereas Letters Patent of the United States, No. 73,513, for an Improvement in Wash Boilers, was granted to the said party of the first part, May 16th, 1868, which said patented improvement the party of the second part is desirous of manufacturing; now, therefore, the parties have agreed as follows:

1st. The party of the first part hereby licenses and empowers the party of the second part to manufacture and sell said improved Wash Boilers, at his factory in Cincinnati, and in no other place or places, to the end of the term for which said Patent was granted, subject however to the conditions hereinafter named.

2d. The party of the second part agrees to make full and true returns, under oath, quarterly, that is to say, upon the first days of January, April, July and October in each year, of the number of said Wash Boilers made by him during the preceding three months, and the statement showing this account shall be sent by mail to the address of the said party of the first part.

3d. The party of the second part agrees that all his books of account containing any items, charges or memoranda relating to the manufacture or sale of these Wash Boilers, shall be open at all times to the inspection and examination of the said party of the first part, or his accredited agent.

4th. The party of the second part agrees to pay to the party of the first part forty (40) cents, as a license fee upon each and every one of said patented Wash Boilers made and sold or removed away from said factory; and said fees or royalties for each quarter shall be paid in cash within ten days after the regular return day for that quarter.

5th. And said party of the second part agrees to pay to the party of the first part at least one thousand dollars per annum, during the continuance of this contract, as license fees, even though he should not make enough of said Wash Boilers during the year to amount to that sum at the regular fee of forty cents apiece.

6th. Upon failure of the party of the second part to make returns or payment of license fees, as herein provided, for thirty days after such returns or payments are due, then the party of the first part may revoke and terminate this license and annul this contract, by serving a written notice to that effect upon the party of the second part; but said party of the second part shall not thereby be released or discharged from any liability for the license fees due at the time of service of said notice.

7th. The party of the first part reserves to himself the right, after three years from date of this contract, on giving three months' notice, to sell the Patent and

his entire interest therein, in which event this contract shall cease and terminate.

In witness whereof the above named parties have hereunto set their hands at Cincinnati, Ohio, the day and year first above written.

Witnesses:

WM. W. WATSON,
SAM. S. SUTER.

DAVID O. SMITH,
JAMES L. MOORE.

SHOP RIGHTS.

This is a right granted by the Inventor by virtue of which the owner of a shop or factory is licensed and empowered to make the improved article and sell the same at his place of business.

If it is deemed best to make this kind of a sale, some restriction should be placed upon the grant or license in order to protect the Patentee's interest; the importance of restrictions of this nature are obvious when it is considered that a shop or factory may, after the purchase of such a right, so enlarge and extend its business in making and selling the patented article, as to practically monopolize the entire market.

The following form for a shop right in the main part, is the one generally used, but the author has incorporated therewith such restrictions as will prevent the growth of this license into an overshadowing monopoly. These restrictions are printed in italics.

FORM FOR SHOP RIGHT LICENSE.

In consideration of one thousand dollars to me paid by John W. Wilson of Saint Louis, Missouri, I do hereby license and empower the said John W. Wilson or assigns, to manufacture and sell at his factory in St. Louis, and in no other place or places, the improve-

ment in Wash Boilers for which letters patent of the United States No. 73,513 were granted to me May 16th, 1868. *This right is granted on the following conditions, namely: that said Wilson shall keep a full and true account, in suitable books which shall be open at all times to my inspection, of all wash boilers made and sold or removed away from said factory; and on the further condition that a fee of thirty* (30) *cents shall be paid to me by said Wilson or assigns, on each and every wash boiler made and sold or removed away from said factory in St. Louis, in excess of eighteen hundred* (1800) *per annum, the first year commencing at this date, and settlements and payment of royalty, should any be due, to be made within ten days after the expiration of each year. On a compliance with these conditions this right shall continue to the full end of the term for which said letters patent are granted.*

Witness my hand this first day of June, 1875.

DAVID O. SMITH.

If the Inventor sends out a traveling Agent to sell "Shop Rights" he should have suitable blanks prepared with the "Special Notice" printed thereon in red ink same as on the Deed and Contract, which see.

TO ASCERTAIN THE VALUE OF A PATENT.

While no absolute rule can be made that will always correctly determine the value of an invention, it is necessary to have a reliable method for estimating such values in an approximately correct manner. If the invention is an article useful in every household, the market for it will be about one-fifth of the entire population of the United States, as there are five persons, on an average in each family. By the census of 1870, there are 7,579,363 families in the United States; and if every family required one of the articles, and each article would last a life-time, it might be said there is a market for seven million five hundred and seventy-nine thousand of the articles. If the article was not so durable as to last a life-time, but in the usual course of things would soon wear out, then in such case the market would be much greater than just stated, because the article would require to be frequently renewed. But in point of fact no household invention, however ingenious and important, is likely to be so universally adopted. In the first place, it is quite probable that one-half of the families in the United States would never know or even hear of the invention; and of the other half, to whose knowledge it might come, likely not more than one-half of them would buy; so that, on this basis, one-fourth of the

whole number of families in the United States is as great a proportion as the best inventions in the line of household articles can be relied upon to supply. One-fourth of the families in the United States is 1,894,840. It will be noticed no allowance is made in this estimate for competing articles; and if other good articles of a similar kind were out, perhaps it would be nearer the mark to divide this result, allowing one-half of this number to be supplied by other devices. Thus the possible market for your invention is about one-eighth of the entire number of families, namely, 947,420.

Now suppose the actual first cost of producing the article is twenty cents, when made in large quantities, and the retail selling price is one dollar each, showing a profit of eighty cents on each one, which profit must be divided among the manufacturer, wholesale dealer, and retail dealer or canvasser, (or if not sold by the wholesaler, then the profit allotted him can be reckoned as expended in advertising, &c.,) the canvasser being the one who will have the most work to perform, should have the largest proportion of profit. To the manufacturer allow say fifty per cent., or ten cents on each article; to the wholesaler (or for advertising) allow fifty per cent. profit on the manufacturer's price, or fifteen cents on each one; to the retailer or canvasser allow one hundred per cent., or forty-five cents on each, still leaving ten cents on each to be divided between sundry expenses and the share properly due to the Inventor, so that each one of the articles should pay the Inventor a royalty of five cents. But if he was selling out the entire Patent Right, he could afford, on the basis here made, to take perhaps

one-fourth of this portion or allowance; thus 947,420 articles, at 1¼ cents each, would be $11,842.75, the present estimated cash value of the Patent.

THE PRICE OF TERRITORIAL RIGHTS.

If the Inventor decides to sell Territorial Rights, he must have some systematic plan for fixing prices, although any plan that can be devised will obviously be of an arbitrary nature.

If the value of the entire Patent is fairly estimated to be twelve thousand dollars, if sold all at one time, the Inventor should realize double that amount if he sold out Territorial Rights piecemeal as it were. Clearly he could not afford to sell a single State Right in the same proportion that he would sell the whole Patent. Therefore, to fix the price for a Right, first double the estimated value or price for the whole Patent. Thus a State Right would be worth such portion of $24,000 as the population of the particular State in question bore ratio to the total population of the United States. For instance, the State of Illinois, with a population of 2,539,891—for the sake of round numbers, call it 2,500 000. To state it arithmetically, according to the rule for proportion, it would be

Population of the U. S.	Population of Illinois.	Double price of Patent.		Price of State Illinois.
38,000,000	2,500,000	24,000	=	1,578.94

Thus:

24,000
2,500,000

12,000,000,000
48,000

60,000,000,000

```
38,000,000) 60,000,000,000 (1,578.94
            38
            --
            220
            190
            ---
             300
             266
             ---
              340
              304
              ---
               360
               342
               ---
                180
                152
                ---
                 28
```

So that the price for the State of Illinois would be $1,600.00 in even figures.

This method will do where the State in question is average territory, but in extra good or in the best territory, to fix the price of a State Right we recommend first to treble the estimated value of the whole Patent, instead of simply doubling it.

The price for a State Right being fixed in some such manner, the value of a County Right may be ascertained in several ways. One method is to first quadruple the value of the State Right, and then on this basis estimate by proportion, as above explained. Another method, involving less figuring, which we have found to work well in practice, is to adopt a scale to fix the price of Rights in which the rate progresses as the population decreases. It would hardly justify the Inventor to charge the same rate per thou-

sand population for both large and small counties. To illustrate: if he was charging $5.00 per thousand population, one county having 15,000 would bring $75.00; another having 60,000 would bring $300.00. Now it would require just as much effort (probably an equal expenditure of time and money) to sell the small county as the large one, and he realizes from the small county only one-fourth as much as from the large one. This plan would likely result in selling off the best or largest counties first, and then it would be found unprofitable (owing to the expense incurred) to sell the small counties at all. It is better, therefore, to average the rate per thousand in its application to counties of different sizes; in other words, to charge less per thousand population for large counties, and more per thousand for small ones.

SCALE TO FIX THE PRICE OF RIGHTS.

When the Population is	Rate per 1,000 should be	Price of Right.
15,000	$7 00	$105 00
20,000	6 50	130 00
25,000	6 00	150 00
30,000	5 50	165 00
35,000	5 00	175 00
40,000	4 50	180 00
50,000	4 00	200 00
60,000	3 50	210 00
100,000	3 00	300 00
200,000	2 50	500 00
300,000	2 00	600 00

When the population is between the amounts set down in the above scale, multiply by the rate per thousand used by the amount nearest to the popula-

tion in question. This scale is arranged with the belief that it fairly fixes the value for good average inventions, keeping in view the expense of traveling to sell Rights; but it may be easily made to place less or greater values on Rights by multiplying the population by the next lower or higher rate per thousand.

HOW TO PROCEED.

Whatever plan of operating your Patent is decided upon—whether to let on Royalty or to sell Rights—it is absolutely necessary, if it is a machine, tool or piece of mechanism, to have one or more perfect working models. If the invention comprises a machine which is not too large and expensive, the Inventor should have at least one full-sized machine that will operate perfectly. It will not do to have merely a roughly constructed affair—the machine that is intended for public exhibition must be perfect in all its parts. Inventors usually find enough to contend with when exhibiting their improvements, without having to excuse and explain away poor workmanship or faulty construction. A fine piece of mechanism will draw attention where a rudely made device will hardly be looked at.

If the invention is a small article, such as a Door Stop or Sash Fastener, it is better to have a number made. It is necessary, in order to properly present the improvement, to prepare a circular which will contain a description of the invention, and set forth its advantages in as strong and favorable a manner as the facts will bear. If susceptible of illustration—as all mechanical devices are—this circular should bear

a good "cut" or engraving of the machine or patented article. If living in a location where the services of a wood engraver cannot be obtained, it is best to have a good photograph taken of the article, and this can be sent by mail to any of the larger cities where an engraver may be found. If the "cut" is satisfactory when done, it is best to have a number of electrotypes made therefrom, and use these to print from. Beside it will aid you in making sales of Rights, if you can give each man who buys a State or County Right one of these electrotype "cuts" to print his circulars from. They will likely not cost more than one or two dollars each, and are easily worth ten times as much to a purchaser of a Right.

If the Inventor does not feel himself competent to do justice to the subject in preparing this circular, he had better ask some properly qualified person to assist him.

PREPARATIONS THAT ARE IMPORTANT.

In addition to the models and circulars, it will be essential for a person who is about to undertake the sale of Rights to have ready at his command all the important facts that have any bearing on the invention, such as relate to first cost, net profit, extent of demand for the article, etc. Of course correct information of this kind can be obtained only by energetic and intelligent application.

PAVING THE WAY FOR SALES.

When an Inventor has pursued these inquiries and investigations for several months, he will be in a bet-

ter position to settle on the probable value of his improvement. Generally Inventors set too high a value on their inventions, or at least seem to forget, when trying to sell their patent, that the lion's share must be offered as an inducement for some one to purchase. If it is decided to license manufacturers, the advice or suggestions of friends who are in a business that is such as to make them conversant with the market for the article in question will be of great aid in determining the rate of royalty to be asked.

Having settled on the plan by which the Invention will be operated, it may now be important to find a responsible manufacturer who will undertake to make the article. If you let it on royalty, you want to get it into good hands, preferably some concern that is largely engaged in making and selling articles of the same class. If you intend to sell Territorial Rights, unless the article can be readily made by any good mechanic with ordinary tools, you must first pave the way by effecting a favorable arrangement with some first-class manufacturer to make the article, who will agree to supply those who may purchase Rights.

TO OBTAIN THE NAME OF MANUFACTURERS.

Suppose the Invention is an improvement in Sash Fasteners, the Inventor will want to know how to get the names of those who are engaged in manufacturing such goods. A full list of all parties engaged in that branch of manufacture is not necessary, but to know who the leading ones are is essential. The first step is to call on some friendly dealer who sells such goods. As you desire his assistance, of course you must take great pains to exhibit and explain the improvement;

you must endeavor to get him interested in it. Even if he is personally unacquainted with the manufacturers, he can likely give you the names and address of some of them, as makers of good articles usually have their name on labels which are attached in some manner to the goods. At least a friendly dealer can give you a letter of introduction to one or more wholesale dealers in that class of goods in the city where he purchases his supplies.

BUSINESS METHODS.

Having secured in this manner all the information possible, you will now set out to the city with your letters of introduction, models, circulars, &c., and, presenting yourself at the wholesale merchant's, deliver your letters. If properly approached, and your object frankly explained, these dealers will generally be found ready to afford assistance. They can always name the principal concerns who are engaged in making any particular class of goods, and advise you which one of them would probably be the best to take hold of your invention; and they can likely give you other items of information.

TIMELY ADVICE IN THIS CONNECTION.

It now lies probably between one of two or three manufacturers. You will next make a personal visit to one of these. It will not do to depend on writing a letter; very often letters are not understood, and may not even be answered, while a personal interview, accompanied by a plausible demonstration of the merits and desirableness of the improvement, will suffice to awaken an interest in the invention.

THE WAY TO APPROACH MANUFACTURERS.

In approaching manufacturers, you must bear in mind they will exact of you facts and figures in a business like way, and you must be prepared, by the aid of models, and the statistics at your command, to show its advantages and the money there is in it. At first the managers of these concerns may give you a rather cool reception, for they are frequently besieged by persons with patented improvements, who present a string of shallow reasons why their particular invention will "revolutionize the world," and make a fortune for every one connected with it. But this sort of thing has no weight with practical business men. Manufacturers want improved articles of utility *that will sell.* To secure their favor the article must be better or cheaper than others of a similar kind.

In negotiating with a manufacturer, some allowance must be made for his disposition to drive a sharp bargain; while it won't do to give way in the matter of price too easily, on the other hand you must not be too firmly set in your demands.

If you are seeking to let your Patent on royalty, it is advisable that you have your own mind made up what rate you would *rather accept* than to *miss entirely;* and in general it will be found much easier to conclude terms on the basis of royalty than if you were trying to sell outright, for in general manufacturers do not want to buy an untried invention.

EXCEPTIONAL INVENTIONS.

While patents on many of the minor inventions relating to improvements on articles in constant use by the masses of the people, such as household articles, may readily find sale among dealers, manufacturers and enterprising men of moderate means, there are numerous valuable improvements that have a more circumscribed market, the purchasers for such being limited more strictly to those who are engaged in the particular business of making the article, or for whose special use the improvement is, from its nature, necessarily confined. Take, for instance, an improvement in piano-fortes or church organs; the only parties likely to purchase such a patent are the manufacturers of these articles; and the same is true of many other inventions, among which may be named fire-proof safes, ship's tackle, reapers and mowers, and many of the sewing machine improvements, such as must be incorporated or combined *as a part of the machine* at the time of its production.

Another class of improvements that may come within the category of "exceptional" are all such as relate to railroads; and still a third class are those which relate to some public or government use, or which are under the control of State or municipal authority. For instance, street letter boxes, and similar

things controlled by the United States Government; fire plugs, improvements relating to water supply for cities, indexes for public records, etc., which are controlled by the authorities of States or cities.

Inventors of such improvements better make up their minds at once to manifest some liberality. The great desideratum is to have the improvement practically tested, for if it can be *demonstrated by actual use* to be valuable, to really possess the advantages claimed for it, the Inventor can *then* make his own terms.

HOW TO MANAGE THEM SUCCESSFULLY.

If the improvement belongs to the exceptional class first named, some reliable manufacturer must be found *who will try it.* To this end you must offer him some inducement. For instance, propose to the right party to allow the improvement to be applied, *free of any charge for use of patent*, to a certain number of the articles, say one hundred pianos, twenty-five locomotives, or one hundred reapers, as the case may be; but the number should be sufficiently large to both test it thoroughly and to be of some pecuniary profit to the manufacturer. It is of the utmost importance that you, as the Inventor, should exhibit a readiness and willingness to have the manufacturer reap some substantial advantage from the operation, for it is easy to see that if you only are to be benefited no one will care to trouble themselves with it.

At this stage is the proper time to come to an understanding in regard to the price and terms which are to govern if the patent is to be sold, or the rate of royalty the manufacturer shall pay if you are to license him to use the improvement.

If the invention is an improvement in railway rolling stock, for instance a journal box or a car coupling, you will experience no little difficulty in getting it adopted unless great tact is employed. Depend on it railroad companies will not send their officers and agents after your invention, even if it is really the best thing ever invented.

Probably the best plan that can be devised is to construct a perfect working model, full size if possible, but at all events it must be neatly and accurately made, so as to exhibit the operation of the improvement in a perfectly clear manner.

Now with such a model seek an interview with the proper officer of some railroad. If any influential person can be brought to your aid at this time, it may be well; but with or without such aid, get the matter before the proper officer, and if it meets his approval, *then propose to him in writing* to allow his company to use the invention on their own road, on any and all their cars, free of any charge or license fee whatever, for a term say of eight years, or some other given time. But in consideration of you making no charge for the use of the invention, the railroad company should agree to at once apply the improvement to a certain number of cars, and as the article is satisfactorily tested to continue to add the improvement to other cars from time to time, until it shall be applied to all their rolling stock; and further, if it prove satisfactory, the general officers of the company shall, at any time, on request made by the Inventor, give a certificate stating the extent to which

they have used the improvement, and with what degree of economy and satisfaction

It may sometimes be advisable, in order to secure the assistance of some influential person in effecting such an arrangement, to enter into a contract binding yourself to pay a certain portion of the price or annual revenue derived from a Patent of this kind, in consideration of such assistance to be actually rendered. Such an agreement or contract may be entered on the records at the Patent Office, and will be binding on the Patent Owner.

A CAUTION.

A word of caution here may not be amiss. Be on your guard as to making such an agreement as just suggested; you should have good reason for the belief that the person who undertakes to render you assistance in promoting the sale of your patent, *has, or can bring to bear*, the influence of which you stand in need; on this point there should be no reasonable doubt—you cannot afford to "depend on a broken stick."

Again, in addition to the influence this party may possess, he should be a man on whose integrity you can rely.

Under no ordinary circumstances should you make an assignment of an interest in your Patent for services not yet rendered; with one in whom you have *implicit confidence* you might pursue such course, but many mistakes of this kind have been made by inventors, resulting in irreparable loss.

Whether you deem it necessary to bring such extraneous influences to your aid or not, if you can effect an arrangement with a railroad company, such as indicated, for the trial of an invention of real merit, you may rest assured the time will soon come when you can confidently approach other railroad companies with such evidence as to the utility and desirableness of your improvement as will command attention, and enable you to make profitable arrangements.

SELLING RIGHTS TO PUBLIC AUTHORITIES.

Inventors who have improvements on an article or thing beneficial or advantageous to some public use, and which are controlled by municipal, State or National authority, find it necessary often to employ all sorts of means to attract the attention of the "powers that be."

To effect a sale of such an improvement it must be one that is in demand, it must be really necessary or highly important, and it should be the best thing of the kind known. If you possess an improvement having these advantages do not spoil your chances for a sale by interesting in it any political "bummer," to use a slang name. In most every community there are men known as political hacks, whose occupation is to maintain their own prominence, to have a hand in political manipulations, to always be "in the ring." Men of this stamp are generally ready to engage in any undertaking, no matter of how questionable a character the same may be, if it promises to enrich themselves; in short, they are always "on the make," and, it must be added, without much regard as to the manner in which it is done. Such men assume to

know everybody, to know all about every local matter; they are just the men to impose themselves on a stranger, to assert their ability to "put the thing through."

This is a fair description of the kind of men a stranger will meet with in every county town in the United States. Occasionally there may be work for such men to do in selling a patent right to the county or city authorities, *but as a rule they are just the men you should avoid;* do nothing whatever that can identify such a man, or connect him in any way with your improvement, for nine times out of ten he will do you more injury than benefit.

PRACTICAL SUGGESTIONS.

Let us now suppose you are in a city, a total stranger, for the purpose of bringing your improvement to the notice of the authorities. It will be of undoubted advantage to have the assistance of at least one influential person—he should be a man of standing, that is a man of known good character.

The inquiry naturally arises "how to obtain the assistance of such a man?" In whatever way you proceed it will require deliberation and patience; it will not do to act precipitately. The proprietor of the hotel whereat you are stopping can give you the names of the most active and reliable lawyers in the place, and men of this profession will likely be qualified to advise and aid you, because of their acquaintance with local politics, with the officials about the Court House, etc. For these reasons a lawyer is suggested, if a suitable one can be found willing to take hold of the matter.

The hotel proprietor can also give you the names of several enterprising merchants who usually take some interest in public matters; you should call on one of these merchants, and introducing yourself by name, say you are a stranger in the place, and desire to make confidential inquiry as to the standing of several of the lawyers; it will be better, perhaps, not to refer to your particular business, nor to divulge the kind of an arrangement you desire to effect. By a little tact you can draw out his opinion regarding the several lawyers whose names you have; even should he be reserved in his expressions, you can no doubt learn something, in course of conversation, that will help to put you on the right track.

Having learned from this party all the information he will give, proceed to call on another merchant whose name you may have, and go through the same operation, and continue in this way to quietly make inquiries about the several lawyers whose names you have. You will not be long in obtaining information enough to enable you to decide who is likely the most desirable man for you to arrange with. When your mind is made up on this point, call on the party and explain your business, show your letters-patent, and endeavor to make a favorable impression as to the advantages your improvement would be to the city. Say to him you find it necessary to have some assistance, and you are looking for a reliable man who will advise you, and give you information about the officials with whom you will have to negotiate, and who will generally assist and co-operate with you to carry the enterprise through.

Make him understand that you propose to be the active man—the only one known to the authorities, while your adviser shall remain in the back-ground, in order to be able the better to promote the success of the enterprise.

With this preliminary understanding you can say that perhaps it would be agreeable to him to become interested in the matter. If his response is not decided, and especially if it is not unfavorable, you may know he is waiting to have an expression from you as to *how much* of an interest you propose to give.

Being thoroughly satisfied, first of all, that you are about to get the aid of the right kind of a man, offer him at once such a share in the proposed sale as will secure his active interest. Propose to enter into a writing agreeing that he shall have one-fourth (or one-third) of the amount realized, in consideration of his services and assistance to be rendered in effecting the sale, which said services and assistance he shall be ready at all reasonable times to render until the sale is finally closed.

It will generally be the better course to put yourself under his advice and direction, to hold frequent consultations with him, and together to discuss and determine the proper course to pursue. He can likely serve you better, more effectively, by maintaining incog his interest, and doing the passive work, while you should be the only active man known to the authorities.

Your adviser may be able, in a quiet and unobtrusive manner, to enlist some of his discreet friends in favor of the enterprise, and thus by tact and careful management an influence favorable to your project will gradually be brought to bear on the authorities that will be certain to be felt.

If the utility and advantage of your improvement can be readily demonstrated, a public exhibition of them should now be made; now is the time, after a public sentiment in the right quarter favorable to your improvement has been built up, now is the time to make public demonstrations. A practical exhibition or test of the improvement will count more in your favor now than a week's mere talk and explanation *alone* would accomplish.

In all these movements there should be a co-operation and concert of action between yourself and adviser, and with good management it is hardly likely you will fail to effect a sale.

With regard to inventions which are salable to the United States Government, it is advisable, in fact necessary, to have some one interested with you in the matter who is familiar with the particular Department it is desired to reach; and the standing of this party should be such as will reflect credit on your undertaking. One good man, familiar with the routine, and favorably known in the Department, can accomplish more than half a dozen green members of Congress; besides, it is not advisable to have a number interested in negotiations of this kind; the trite saying, "too many cooks spoil the broth," is applicable here.

SELLING TERRITORIAL RIGHTS.

If it is contemplated to sell State and County Rights, a very thorough preparation becomes necessary. In this business, as in almost all others, you will meet with rebuffs and discouragements, and the Inventor or salesman who would succeed must possess the qualities of persistency and perseverence. It is at the outset, perhaps, that the most disheartening obstacles seem to present themselves, and yet this is only apparently so, and is owing chiefly to the feeling of rawness which one is apt to experience when they commence an undertaking which must be regarded as an experiment. But a few successful strokes will set a man on his feet, and give him fresh confidence in his eventual success.

The United States being such an extensive country, and salable patents being likely to find purchasers of territorial rights in any part of the land, it is evident that one man would be a long time in traversing the whole of it; then, too, it may be that the Inventor is unable himself to travel; perhaps he finds it necessary to remain at home and continue in the pursuit of his regular business. In either such case it is best to secure the services of several good agents.

TRAVELING SALESMEN.

Persons may be found in almost every town in the United States who are willing to engage as agents for a promising invention to sell rights. No doubt some who are honest can be employed for this purpose; but the experience is that while many who are thus ready to engage themselves are capable, very often they are not reliable. The deception and even fraudulent practices to which ordinarily they may resort, and the loose manner in which they frequently do their business, is calculated to deter careful men from purchasing, and these facts no doubt operate as a great drawback in securing the attention of persons who would likely become purchasers.

DIFFICULTIES.

When an agent sells a right he may not choose to make a report of it, and if he does not, the patentee will likely be none the wiser, for he is almost wholly dependent on his agent for information relative to sales.

While traveling, an agent may be in receipt of moneys belonging to a patentee, and continue to travel and sell rights for months without rendering an account of his operations; it is plain to see, if he intends to retain funds and deceive his employer, *he can easily do it.*

A patentee has in general no redress, no legal remedy against the malfeasance of his own agent—what would be clear robbery done under other circumstances, is only a "breach of trust" here.

While an agent may be honestly disposed, he may yet make unremunerative sales, or he may transact his business in an improper manner, greatly to the loss of the patentee, who is unable to control his movements.

Parties are often found who would like to purchase the right of a certain county, or a certain portion of a State, but as the right of counties adjoining said territory had been previously sold *without proper restrictions*, (such as would *protect* subsequent purchasers of adjacent territory in their full rights,) the negotiations for this last sale is brought to an abrupt termination. Many persons entertain this fear of a want of protection *who say nothing about it*, and it deters them from buying.

As it is now, gentlemen who engage in this business are frequently looked upon with suspicion—everybody seems to distrust their representations, and their authority to act is often regarded as very questionable, *though no such objection may be openly expressed.*

HOW TO AVOID DIFFICULTIES.

The only remedy that can be relied upon for these difficulties which arise from employing agents, is found in the method of controling these traveling agents as arranged in the system of blanks, by means of which the Inventor is able to completely control the sales and regulate the movements of his agents. It will be seen, by reference to the forms for Power of Attorney, Patent Deed and Contract, and the accompanying printed explanations, that the Inventor is not entirely dependent on the integrity of his agent.

By this system the agent is empowered to effect sales of rights, but he is not authorized to receive the money in payment therefor, (except such part as comes to his share,) and the purchaser of a right is compelled to immediately send to the Inventor a duplicate copy of the deed or contract, so that the Inventor receives notice promptly of all transactions which his agent makes.

The special points of this form for Power of Attorney are made prominent by italics, and following each is a letter in parenthesis that refers to a corresponding letter, near the left hand margin of the explanation, on the pages immediately following.

POWER OF ATTORNEY.

This Authority expires with the End of the Month, and must be renewed by Monthly Certificate. (*a*)

KNOW ALL MEN BY THESE PRESENTS,

THAT I, DAVID O SMITH, of Elmira, Illinois, owner of the entire right in and to Letters Patent of the United States, No. 73,513, for an IMPROVEMENT IN WASH BOILERS, dated May 16, 1868, do hereby make, constitute and appoint ROBERT S. JACKSON, of Chicago, Ill., my lawful attorney, for me and in my name to sell, grant and convey exclusive territorial rights under said Patent, *with power to sign my name to the printed forms or transfer blanks* (*b*) headed "Grant of Exclusive Territorial Right,"—with power also to sign my name to the printed forms of Contract, [blank copies of both are furnished by me having a Special Notice printed thereon in red ink,] and, in my name, to receipt for all considerations received in payment or exchange for said rights, or paid on said contracts.

But my said Attorney is not empowered to sign for me any other instrument (*c*) than the two above named, or to bind me in any other manner further than to properly execute and sign the aforesaid blanks, without change or alteration of the printed portion. Said Attorney *shall exercise all power herein conferred under the following conditions*, (*d*) without a compliance with which no act of his under this authority shall be valid or binding on me.

FIRST.—*The conditions stipulated in the "Special Notice" printed in red ink* (*e*) on the blank forms, both for granting rights and making contracts, must be fully and strictly complied with by both the Attorney and the party purchasing or contracting.

SECOND.—Each and every deed granting an exclusive territorial right, and each and every contract, shall show plainly and fully what price or consideration was paid, or agreed to be paid, by the party purchasing or contracting—whether it be cash, promissory notes, personal property or real estate.

THIRD.—*One-half* of all cash *shall be delivered to me by the payer thereof* (*f*) in one of the following modes, namely: 1st, A check or sight draft payable to my order shall be obtained from the nearest bank, or responsible private banker, and in the presence of my said Attorney sealed in

an envelope and mailed and registered to me; or 2d, Postal Money Orders, payable to my order, shall be so sealed in an envelope and mailed and registered to me; or 3d, the money may be securely sealed in an envelope, in presence of my said Attorney, and then mailed and registered to me. *The remaining portion of cash shall be delivered to my Attorney.* (*g*). Promissory notes must mature at least within four months from date of contract. *They must be made in equal amounts* (*h*)—one-half shall be made payable to my order, and mailed and registered to me in presence of my said Attorney; and one or more notes of equal amount made payable to my Attorney and delivered to him. But all promissory notes, except those taken from parties purchasing on contracts, must be endorsed by a person or persons well known to be of ample pecuniary responsibility.

Real Estate shall be conveyed to me, but no grant of right shall be made for such a consideration without first obtaining my consent and approval by letter or telegram.

FOURTH.—Any deviation from these conditions, by either my said Attorney or the party purchasing or contracting, will invalidate his acts in the particular case in question, *and the same may be annulled, revoked and terminated by me*, (*i*) at my option, within thirty days from my receipt of information of said deviation, by a notice in writing first recorded in the Patent Office, and then mailed and registered to the address of the party purchasing or contracting.

FIFTH.—My said Attorney may sell and grant rights, or execute and sign the contracts under this authority, for and within the *States of Indiana and Ohio*, and no where else.

THIS POWER OF ATTORNEY *shall remain in force until and including the last day of the present month*, (*m*) at which time it shall expire, and the authority of my said Attorney shall then cease and terminate, unless and except, on or before said date, this Power of Attorney is renewed and continued for one month longer thereafter, by having attached hereto a "Certificate of Renewal,"—an exact sample copy of which is here printed:

SAMPLE COPY OF CERTIFICATE OF RENEWAL.
Printed in Red Ink.

[The certificate cannot be shown in this contracted space; see full sized blanks for form of same.]

and at the expiration of said month's renewal, this Power of Attorney may be again renewed and continued, for one month at a time, by having attached hereto other like certificates of renewal duly signed by me.

IN WITNESS WHEREOF, I hereunto set my hand at *Elmira, Illinois*, this *Fifth* day of *June*, 1875.

DAVID O. SMITH,
Owner of Patent.

Signed and Sealed in the presence of
CHARLES A. WILSON,
EDWARD B. DEAN.

The letters in parenthesis, near the left hand margin of the following Explanation, refer to points in the form for Power of Attorney having corresponding letters.

EXPLANATION OF POWER OF ATTORNEY.

The provisions embodied in this Power of Attorney are fair and proper for all concerned. They are fair for the Inventor or Patent owner, because they secure to him the rightful disposition of his Patent, or the proceeds thereof. They are fair for the agent, because the share or per cent. commission due him comes into his hands at once. They are fair for the party who may purchase, because he has it in his power to get a valid and complete title to the right, simply by observing that the several conditions are properly complied with.

(*a*) No matter on what day of the month the Letter of Attorney may be dated, it ceases and expires on the last day of the month.

(*b*) The Agent or Attorney has power to sign ONLY THE PARTICULAR FORMS OR BLANKS which the Inventor furnishes, and no others.

(*c*) Should he sign anything else, the Inventor is not bound thereby.

The agent is not allowed to alter these forms—neither to add to or take from.

(*d*) If these conditions are complied with in good faith, a valid title passes to the purchaser; if not complied with, the Patent owner is not bound.

(*e*) The first of these conditions makes it equally obligatory on BOTH AGENT AND PARTY PURCHASING to comply with the stipulation printed on the Deed and Contract in red ink, which provides for the purchaser sending a true copy of the Deed or Contract to the Patent owner, thus giving him a full report of the terms of the transaction.

(*f*) All cash received from sales made by an agent is divided, so that the portion belonging to the Patent owner can be sent to him at once, and it is made incumbent on both the agent and purchaser to attend to this. No matter in what form the remittance may be, the envelope enclosing it *must* be registered; the official record thus kept makes it easy to investigate a case at any time.

(*g*) The share of cash to which the agent is entitled, (generally one-third or one-half,) should be paid to him by the purchaser at the time of sale, thus ensuring satisfaction on the part of the agent. The agent can explain to the purchaser that this cash is necessary to furnish him with the means to defray his expenses.

(*h*) If the agent receives a commission of one-half or fifty per cent. on his sales, all notes should be taken in

two equal amounts; but if he only gets one-third as a commission, then, in such case, notes should be taken in three equal amounts, one of them for the agent, and two for the Patent owner.

(*i*) To annul, revoke or terminate any sale or contract, in case of non-compliance with conditions, the Patent owner has only to write a notice to the following effect:

ELMIRA, ILLINOIS, *June* 20, 1875.

Having on the fifth day of June, 1875, appointed Robert S. Jackson, of Chicago, Illinois, my Attorney to sell, grant and convey rights under my United States Patent, No. 73,513, for an Improvement in Wash Boilers, dated May 16, 1868, said Attorney to exercise all power therein conferred on certain conditions, which are fully set forth in said appointment, without a compliance with which no act of his should be valid or binding on me.

And having received information, within the past thirty days, that said Robert S. Jackson, on or about the 10th day of June, 1875, signed one of my printed forms or transfer blanks selling and granting to Thomas Jones, of New Dover, Ohio, the right under my said Patent for and within the county of Union, in the State of Ohio, for a consideration said to be $300 cash, and inasmuch as the one-half of said money has not been paid or delivered to me, as required and conditioned in my said power of attorney, now therefore I do hereby annul and revoke said sale or grant, and hereby give notice thereof to said Thomas Jones, and all persons concerned, as provided in said appointment of Attorney.

DAVID O. SMITH,
Owner of Patent.

Witnesses:
CHAS. A. WILSON,
LEWIS BROWN.

This revocation should be taken before a Notary Public, or Clerk of a Court of Record, sworn to and attested by his seal of office, and then enclosed in an envelope, with a fee of one dollar, to the Commissioner of Patents, Washington, D. C., requesting that it be recorded and returned. When returned it should at once be mailed and registered to the address of the party said to have purchased.

(*m*) At the expiration of any month the Patent Owner may allow his authority to terminate if he desires; but if he is satisfied with his Agent, and desires him to continue, a "certificate of renewal," good for the next ensuing month, is sent to the agent. This certificate, if properly punched, can not be changed or altered so as to be good for any other month.

The special points of this form for Patent Deed are made prominent by italics, and following each is a letter in parenthesis that refers to a corresponding letter near the left hand margin of the explanation, on the page immediately following.

GRANT OF EXCLUSIVE TERRITORIAL RIGHT.

TO ALL TO WHOM THESE PRESENTS SHALL COME: WHEREAS Letters Patent of the United States, No. 73,513, for an Improvement in Wash Boilers was granted to David O. Smith, of Elmira, Illinois, dated May 16, 1868.

NOW THIS INDENTURE WITNESSETH,

That for and in consideration of three hundred dollars, ($300) to me paid and delivered by Thomas Jones, of New Dover, Ohio, I do hereby sell, grant and convey to the said Thomas Jones, or assigns, the exclusive right to make, use and sell the aforesaid Patent Article within the county of Union, in the State of Ohio, and in no other place or places, on the condition that all Wash Boilers embracing said patented improvements sold by virtue of this authority *shall be used and sold by the purchasers thereof only within the territory named* (*a*); this Right to be held and enjoyed by the party aforesaid to the full end of the term for which said Letters Patent are granted.

In case the sale or grant executed on this blank is made by an agent, the consideration for the Right must be paid and delivered *in accordance with the conditions named in the Power of Attorney* (*b*) of each duly authorized agent, whose signature must be hereunto affixed, and said conditions *are hereby made and shall be taken as a part of this contract.* (*c*)

IN WITNESS WHEREOF, I hereunto subscribe my name at New Dover, Ohio, this tenth day of June, 1875.

DAVID O. SMITH,
By his Attorney, ROBERT S. JACKSON.

CERTIFICATE OF THE PARTY PURCHASING.—The amount and considerations named in the foregoing Deed or Assignment are correctly stated, and the same has been paid and delivered in compliance with the conditions therein named, and the receipt of a duplicate copy thereof is acknowledged, and said Right, as therein conveyed, is hereby accepted. (*d*)

THOMAS JONES.

Witnesses:
JOHN C. MORRIS,
WILLIAM SCOTT.

NOTE.—When a sale or grant is executed on this blank by the Patent Owner, the "Special Notice" may be cancelled, as unnecessary.

In recording at the Patent Office, the Deed proper should be recorded first, and the "Special Notice" just after.

SPECIAL NOTICE.—The VALIDITY of all sales or grants of Rights made by an Agent or Attorney is CONDITIONED upon the party purchasing *receiving two copies in duplicate of the deed* made on the forms or transfer blanks having this "special notice" printed thereon in red ink:—*each copy must show the exact amount and specify in full the consideration paid*, and both of said copies must be duly signed by the Agent or Attorney, and the two copies delivered to the purchaser.

The party purchasing from an Agent or Attorney must sign the certificate printed hereon, thereby guaranteeing a compliance with the conditions herein named, *and immediately enclose one of said copies in an envelope* addressed to DAVID O. SMITH, ELMIRA, ILLINOIS, and then *have the same "registered"* by the Postmaster, taking his receipt therefor, upon properly doing which, his or their title to the Right becomes valid and complete.

ANY DEVIATION from these conditions will invalidate sales or grants made by an Agent or Attorney, and the same may be annulled and revoked, at my option, *within thirty days from my receipt of notice thereof*, by a written revocation, first recorded in the Patent Office, and then mailed and "registered" to the address of the said party purchasing. (*e*)

DAVID O. SMITH, *Owner of Patent.*

The letters in parenthesis, near the left hand margin of the following Explanation refers to points in the form for Patent Deed having corresponding letters.

EXPLANATION OF PATENT DEED.

This form for Patent Deed is suited for the use of the Patent Owner should he desire to make out and sign the papers personally, and it is the best blank ever devised for the use of an agent acting for the Patent Owner.

(*a*) This provision is a restriction on all of the said patented articles that may be sold in the territory here assigned, limiting and restricting their lawful use, by the persons who may possess them, to and within the boundaries of this particular territory. The assignment of the Right being made on this condition, all subsequent purchasers of territory adjoining this, are protected from an invasion of their rights by having power to prevent the use, within their territory, of any said patent articles bought from others than themselves.

(*b*) This clause is designed to secure the payment of money or other consideration for a Right sold by an agent IN THE MANNER NAMED in Power of Attorney, and the party purchasing is thus required to take notice of those conditions.

(*c*) This stipulation in the Patent Deed has the effect to enforce, legally, the requirements in the Power of Attorney relating to payment.

(*d*) The object of this "Certificate of the Party Purchasing" is apparent. The purchaser of a Right, who receives his Deed of Assignment from an agent, is required to sign this certificate as a kind of guarantee to the Patent Owner that the deed has been properly made and executed.

(*e*) The "SPECIAL NOTICE," printed in red ink, is arranged on the left side of the blank, with lines running lengthwise of the sheet, and at a right angle to the matter proper of the Deed. Its position on the sheet is such that it can not be detached or removed therefrom without the alteration being apparent. It is addressed to parties who may purchase Rights from an agent, and its object is to secure from the purchaser a full and authentic report, to the Patent Owner, of every sale made by the Agent. The duplicate copy is the desired report.

The annulment and revocation of a sale made by an agent, where the business is done by this method, would be an action of extremely rare occurrence; and a Patent Owner would be justified in such a course only in a clear case of collusion between a purchaser and the agent.

For instructions as to the proceedings necessary in case of revoking a sale, see (*i*) in the explanation of Power of Attorney.

A SAFE PLAN TO SELL PATENTS ON CREDIT.

It is such a frequent thing for parties who are negotiating to purchase a Patent Right to propose to give their promissory notes in payment or part payment for the same, and as it is desirable to accept such an offer, *where a cash payment of sufficient amount is tendered*, it becomes a matter of great importance for Inventors to know how such notes may be taken, so that, in case they are not paid at maturity, the Inventor will not be the loser.

The ordinary way of doing this business is to take the cash and the note, and give a Deed for the Right, but in case the notes at maturity are not paid, the Patent Right has passed from his hands without his receiving much or anything at all for it.

The Contract plan is a remedy for this difficulty. The party purchasing acquires no interest in the Right, under this contract plan, which he can sell out or transfer to others; he receives no Deed, his ownership is prospective, and the only way he can acquire a title and get a Deed is to pay his notes. If he fails to pay his notes, the Inventor may proceed to collect them by due process of law or not, as he may deem advisable; but in no event can the Inventor be the loser by this plan, since he has received a cash payment; and by the terms of the contract the purchaser's

license or authority will lapse and terminate when he fails to pay his notes, and the Inventor being fully repossessed of the Right may dispose of it again.

As to the form of note which it is best to use in selling Patents, that is a matter deserving consideration; the form here given, which has been used with great satisfaction, is believed to be the best that can be employed:

BEST FORM OF NOTE.

$95. *Cincinnati, Ohio*, June 1st, 1875.

Ninety days after date, for value received, I promise to pay to the order of David O. Smith ninety-five dollars, at the First National Bank, waiving all defense or set off.

JOHN J. HAMILTON.

The peculiar feature of this note is the terminating clause, "waiving all defense or set-off." If the drawer or signer of such a note is pecuniarily responsible, a banker or broker would be perfectly safe in discounting it.

Where the note is to be signed by two parties use this form:

$95. *Cincinnati, Ohio*, June 1st, 1875.

Ninety days after date, for value received, *we, or either of us*, promise to pay to the order of David O Smith ninety-five dollars, at the First National Bank, waiving all defense or set-off.

JOHN J. HAMILTON,
AUG. EMERSON.

The special points of this form for Contract are made prominent by italics, and following each is a letter in parenthesis that refers to a corresponding letter near the left hand margin of the explanation, on the pages immediately following.

CONTRACT

To Sell and Assign the Exclusive Territorial Right of (*a*) UNITED STATES LETTERS PATENT. No. 73,513.

THIS AGREEMENT, Made the ninth day of June, 1875, between David O. Smith, of Elmira, Illinois, party of the first part, and Thomas Jones, of New Dover, Ohio, party of the second part, witnesseth, that whereas Letters Patent of the United States, No. 73,513, for an Improvement in Wash Boilers, was granted to the party of the first part, dated May 16th, 1868, and whereas the party of the second part is desirous of having the exclusive right to make, use and sell the aforesaid Patent Article within the County of Union, in the State of Ohio. Now, therefore, the parties have agreed as follows:

FIRST.—The party of the first part, for and *in consideration of the cash payment named in Article Second hereof, hereby licenses* (*b*) and empowers the party of the second part to make, use and sell within the aforesaid territory, and nowhere else, the said Patent Article, restricting the sale thereof to purchasers who will use the same only within the limits of the aforesaid territory; the said Improvement *to be retailed at a price not less than* $3.50 *each*, (*c*) and the license hereby conferred shall cease on the termination of this contract.

SECOND.—The party of the second part *for the license herein conferred pays* (*d*) unto the party of the first part ninety dollars, which shall be applied as a part payment on the price named in Article Third hereof for the Right under the Patent aforesaid.

THIRD.—The party of the second part agrees to pay to the party of the first part three hundred dollars for the Exclusive Right to the territory hereinbefore named, and said party of the second part herewith gives three promissory notes, namely: one for $75, due in thirty days; one for $60, due in sixty days; and one for $75, due in ninety days from date, which, with the payment named in Article Second, completes the amount to be paid for said Right.

FOURTH.—When said notes shall have been paid, making the full consideration named in Article Third hereof, then the party of the first part shall be bound to execute a regular Deed granting to the party of the second part, during the entire term of said Patent, the exclusive Right to make, use and sell the aforesaid Patent Article within the territory named—*a copy of which Deed, showing the form and terms of the Grant of Right, is printed on this sheet.* (*e*)

FIFTH.—It is agreed that when all of the aforesaid notes having the signature of the said party of the first part endorsed thereon, have been paid, and the same are attached to the copy of this Contract held by the party of the second part as evidence of their payment, that then said copy of *this Contract, with the aforesaid notes attached, shall be held and taken as equivalent to the regular Deed above named (f)* granting to the said party of the second part the aforesaid Exclusive Right.

SIXTH.—No part of the right, title or interest, to be acquired by the party of the second part under this Contract, is transferable *until after the delivery of the aforesaid Deed, (g)* or until all of the aforesaid notes have been paid and attached hereto, as provided.

SEVENTH.—In case the contract executed on this blank is made by an agent, the payment and delivery of any considerations by the party of the second part must be made in accordance with the conditions named in his Power of Attorney, which said conditions are hereby made a part of this Contract; and the signature of said agent must be hereunto affixed.

This Contract *shall continue and hold good for ninety days (h)* from this date, unless sooner terminated by the payment of said notes.

IN WITNESS WHEREOF, the above named parties have hereunto set their hands to two copies of this Contract at New Dover, Ohio, the day and year first above written.

Witnesses:
JOHN C. MORRIS,
WM. SCOTT,

DAVID O. SMITH,
By his Attorney,
ROBERT S. JACKSON, } *Party of First Part*

THOMAS JONES, } *Party of Second Part.*

SPECIAL NOTICE.—The VALIDITY of all Contracts to sell or grant Rights made by an Agent or Attorney is CONDITIONED upon the party of the second part receiving two copies in duplicate of the Contract made on the forms having this "Special Notice" printed thereon in red ink:—each copy must show the exact amount and specify in full the consideration paid, or to be paid, and both of said copies must be duly signed by the Agent or Attorney, and the two copies delivered to the party of the second part.

The party of the second part must immediately enclose one of said copies in an envelope addressed to David O. Smith, Elmira Illinois, and then have the same "registered" by the Postmaster, taking his receipt therefor, upon properly doing which said contract becomes valid and complete.

ANY DEVIATION from these conditions will invalidate such Contract, and the same may be annulled, revoked and terminated, at my option, within thirty days from my receipt of information thereof, by a written revocation, first recorded in the Patent Office, and then mailed and "registered" to the address of the said party of the second part. DAVID O. SMITH, *Owner of Patent.*

The letters in parenthesis near the left hand margin of the following Explanation refers to points in the form for Contract having corresponding letters.

EXPLANATION OF CONTRACT.

After the sale of a Right has been effected Patent Owners are frequently subjected to loss by the purchaser settling for the same either wholly or in part by giving his promissory notes, which notes at maturity are not paid. If the business has been done in the usual manner—by transferring the title to the Right at the time of sale—the Patent Right has passed from the owner's hands without his receiving any consideration therefor. It may be said that the remedy or preventive against such losses is to refuse to take notes from irresponsible parties; but who can tell as to the responsibility of a man in a pecuniary view.

A man who to-day is supposed to be "good" for thousands of dollars, may be insolvent next month.

By this "Contract plan" it is made to the interest of the purchaser to pay his notes, as he can acquire a title to the Right only by so doing. If he should not pay the notes, the Inventor will at least not be the loser, since he has received a cash payment, and will still have the Right to dispose of again.

If the notes are not paid at maturity, and the party is responsible, the Patent Owner may proceed to enforce payment by due process of law.

(a) Observe this is a Contract to sell and assign the Territorial Right, and is to be employed whenever notes are taken in payment.

(b) The Patent Owner licenses the party who purchases to "make, use and sell," IN CONSIDERATION of the cash payment made, namely, ninety dollars. In every case the Inventor should require SOME cash to be paid at the time of signing the Contract. One-half or one-third, or AT LEAST one-fourth of the whole price of the Right, should be paid in cash.

(c) It is best to name the lowest figures at which the article may be sold pending this Contract Of course when the party has ACQUIRED A TITLE to the Right, he can then sell for any price he may choose. This restriction will prevent injury to the sale of the article by the purchaser cutting down the price; and in the event the purchaser fails to pay his notes, the Right may be resold, as it will not be materially damaged.

(d) The purchaser makes a cash payment AS A RETURN OR CONSIDERATION for the license granted him to "make, use and sell," during the continuance of this Contract. Should he fail to meet his payments, and if the Right reverts

to the Inventor or Owner, he can not set up a claim for the money that has been paid. Should the Inventor at any time be willing to sell a Right wholly on credit, then the blank may be filled by inserting ONE dollar.

(e) As a "SPECIMEN COPY" of the Deed which the Inventor agrees to execute is printed on the same sheet with the Contract, there can arise no dispute afterward as to the terms and conditions of the Right to be granted.

(f) If a party with whom you are negotiating for a Right on the Contract plan should ask what security or guarantee can be given that, when the notes are paid, the title to the Patent Right for the territory will be legally conveyed to him? A satisfactory answer to this objection would be this plan of attaching the paid notes to the Contract, and agreeing that it shall then constitute a good and lawful Deed.

(g) The party purchasing acquires no interest under this Contract WHICH HE CAN SELL OR TRANSFER, and his license to "make, use and sell" will lapse and terminate when he fails to pay the last maturing note.

(h) Four months is considered long enough to continue a contract of this kind, but it must always run a sufficient time to include the date when the last note matures.

The "SPECIAL NOTICE" in red ink is substantially the same as on the blank Deed. See *(e)* explanation of "Grant of Exclusive Territorial Right."

TO SECURE GOOD AGENTS.

You must not expect to secure good, successful agents unless you are willing and ready to afford them a good chance. The best and safest plan to employ agents is to give them a liberal share of the proceeds of sales of Rights for their pay, and let them bear their own expenses. Experience proves that it is a mistake to suppose capable, trustworthy men will take hold of a Patent with that interest which is essential to success, unless they have sufficient inducement in the shape of good commission and fair prospects. The commission proper to be allowed may vary from 25 to 50 per cent., and on most inventions, when an agent pays all his expenses, the latter is about the fair thing.

You must enter into a written agreement with your agent, and stipulate that he shall be governed by your printed blanks that limit his authority, and which govern and regulate the terms and conditions on which he makes sales. By this method you can control his operations completely.

The next step is to endeavor to imbue your agent with enthusiasm. In this matter he must take the infection from you; as the Inventor you must exhibit earnestness and enthusiasm to him; you must make him thoroughly understand the principle of the invention; he must learn all about its construction and mode of operation; he should be able, if a piece of mechanism, to put it together or take it apart with perfect facility, and also to assign a reason for each peculiarity in construction, and the advantage which such peculiarity gives over all other competing devices; in short, he should make a study of your improvement. If he masters all this; if he can become

somewhat eloquent over its merits, without indulging in loose or extravagant statements; if he is persevering, possessed of self confidence, without being too "cheeky," and withall if he is a good judge of human nature, rest assured you have secured the services of a capable man, and one likely to prove a successful and profitable agent.

WHAT IS NECESSARY.

No matter whether the Inventor goes out himself to sell rights, or whether he sends an agent, the party must have means enough to travel. Whoever may go the mode of procedure to find a purchaser is the same. It is necessary to have a complete equipment, consisting of one or more perfect working models, descriptive circulars, show posters, letters patent, or a copy thereof duly certified by Commissioner of Patents, and which can be obtained by addressing said officer at Washington and enclosing $1 50, also a number of spare copies of printed Specifications, certificates or letters of recommendation, which, however, to be worth anything to you, must be authenticated as genuine by having the post-mark of the place where the writer resides stamped on the face of the letter, which a friendly postmaster will do; the electrotype cuts or engraving, before referred to, will be useful.

FINDING A PURCHASER.

When these preliminary preparations have been made, you will then be ready to lay out a route for traveling; it is best to do this before starting, so as to determine the towns that it is desirable to stop at. Upon reaching a place where you propose to effect a sale, leave your baggage, &c., at the depot, if practicable to do so with safety, and if this can not be done, you may perhaps store it, for the time being, at some convenient place near by; but if neither course is practicable, take it at once to a hotel. We deem it the best way to leave your traps, as stated, and go empty handed to select your stopping place, provided always there are several hotels in the town to choose from.

The object of this manœuvre is to secure quarters at the house which, after inspection, you deem is best suited to your purposes; and another important object is to get accommodations *at a reduction from the regular price.* This may be accomplished in most country towns by a little shrewd management. You can approach the landlord in a pleasant manner, and first ask his price or rate per day or week for board and lodging; you can now introduce yourself and explain your business; say to him you travel a great deal, that in fact you now live in hotels—as soon as

you leave one you go to another; that while the length of your stay is uncertain, you may remain in his town several weeks; that you are just from ——, where you stopped at the hotel at a slightly reduced rate. After presenting the matter in this way, inquire if you can be accommodated at a reduction from the usual rate. In this way you may secure board at a reduction of from twenty-five to seventy-five cents per day from the regular price. When the price is agreed on, it is important, before your baggage is brought up, to view the room you are to occupy. It should be easy of access from the office or bar-room, as a considerable portion of your business in negotiating sales may have to be done with persons in your room; therefore don't accept a room which you believe will be inconvenient or unfavorable for your purpose.

DIRECTIONS FOR FURTHER PROCEEDING.

As soon as you are domiciled in your quarters, make friends of the proprietor and his clerks; take advantage of the first opportunity to exhibit to them your improvement; endeavor to favorably impress them, for if you enlist their friendly interest they will prove very useful in many ways afterward.

Post up several of your show cards about the hotel premises, in the most conspicuous places; place on exhibition in the office or bar-room a model of the invention, with some circulars attached to it for distribution. In your own room, which must now become your place of business, arrange everything with an eye to the best effect; here you must have a

model, posters, circulars, paper, pen and ink, etc., so that when you have a visitor he will be impressed with your arrangements.

If a newspaper is printed in the place, advertise. It may be well to show that you realize the importance of the editor by exhibiting in his presence and for his special benefit the operation of your machine; by so doing you may secure a good "local" notice.

From information derived from the landlord you may, with circulars in hand, visit every place in the town where parties are to be found who would likely take an interest in your improvement. Give them a circular and invite them to call; if you can do so it is better to make an appointment, naming an hour when it will suit each of you to give the matter attention; and it is better for you to call for the party at the appointed time, and accompany him to the hotel where your model is to be seen; if you depend on his coming alone, the chances are that you will be disappointed, for any trifling circumstance is likely to detain him if you are not present to remind him of the engagement.

HOW TO OFFER THE PATENT.

Do not make much of a parade of the improvement *as a patent*, for many business men have a prejudice against patents, owing to the number of humbugs which have been palmed off on the unsophisticated; therefore, do not approach the subject of *selling Rights* to a stranger *until* you have *first* secured such person's interest in your improvement. Of course you will engage in conversation with anybody, at any time and

in any place, on the subject of your improvement, and when you are satisfied that your man has really become interested—which he will do after he finds that your invention is a real improvement, the best thing of the kind out—you need no longer avoid the subject of selling the Patent Right, for by this time his prejudices (if he ever had any) against patents in general are forgotten.

Now is the time to impress him—a favorable impression made now will enable you to win; but before you can induce a total stranger to buy a Right you *must* gain his confidence. At this stage you must seek a private interview with your man; invite him alone to your room, where you should have everything arranged to your hand; in your own room you are not liable to interruption, nor to be overheard in your conversation, and here there will be no idle lookers on to make their side remarks and ask foolish and sometimes annoying questions. Once in the room with your man, if he is really interested, it is plain sailing.

A VERY IMPORTANT MATTER.

Inexperienced Inventors are reminded that it is often the case that parties are found who would like to purchase the Right of a new invention, but who are either distrustful of the representations that have been made *concerning the value* of the improvement, or who lack confidence in the *authority of the Agent* offering to sell the Patent Right. A person may be apprehensive on these points, and yet say nothing about it, not caring to openly express such objections.

Put yourself in the buyer's place, as it were, and endeavor to *anticipate every reasonable objection, whether expressed or not*, and satisfy your customer that yourself and your Patent are all right. At once propose, in a confidential manner, to show how you do your business; exhibit the original Letters Patent, or a certified copy of the same; if you are an Agent, show your power of attorney, and assist your customer to examine these documents, and explain in a satisfactory manner all questions that may be asked.

This is at once the most important and the most difficult part you will have to perform; and to make a favorable impression your papers must present a neat and business like appearance. At this juncture you must bring everything to bear in its most favorable light. If your printed blanks for making assignments, etc., are got up in good style, they will aid you greatly in making an impression on your customer. The forms for Power of Attorney for Agents, Deed for Assignments and Contract, being carefully worded and handsomely printed, will always make the right impression—an impression in your favor that can not be made on a stranger in any other way. Such documents as these look like business; they carry the conviction that everything is right, and at once you get your customer's confidence. If he had doubts before, they are now banished; he feels safe in dealing with you now, because you have convinced him that your business is done methodically and legally. He may want to know what guarantee he will have that his Right, if he should buy, will be protected from invasion by others. This inquiry can be satis-

factorily answered by showing the form for Patent Deed or Grant of Right—see "Explanation of Patent Deed" (*a*)—wherein it will be seen that every assignment is made on the condition that the patent articles sold by the owner of a Right can be lawfully used only within the boundaries of said territory. Under this clause purchasers of Territorial Rights may require every person using one of these patented articles to show that it was bought from him, otherwise (if not bought of him) he can prevent its further use within his territory.

Too much emphasis can not be laid on the importance of explaining all these things satisfactorily. To effect sales of Rights it is necessary *first to secure the confidence* of those to whom you offer the Patent, and next to convince them there is money in it. Persons are often induced to buy an article under the belief that they are getting it below its actual value. It is well to bear this fact in mind.

CLOSING A TRADE.

When the price and terms of sale have been agreed on, if it is an all cash sale, or if the Right is fully paid for by property taken in exchange, make a Deed of the Right on the form for this purpose. If, however, any portion of the pay is taken in notes of the purchaser, which are not secured by the endorsement of one or two persons who are well known to be men of property and reliability, then, in the absence of such endorsement, do not make a Deed, but enter into a contract (as per form of "Contract") to sell and assign the Territorial Right when said notes have been paid. In every case the Inventor should require *some* cash to be paid *at the time of signing the contract.*

NEGOTIATIONS OF SALES ARE SOMETIMES DEFEATED.

THE WAY TO PREVENT THIS.

It is the experience of every Patent salesman that in the negotiation of sales, the occurrence of the least adverse circumstance before the papers are finally signed, and the consideration handed over, may result in defeating a sale at the last moment; and this result may intervene even if the party has verbally agreed to buy the Right, and the price and terms are fully understood.

To have some trifling thing take place which upsets your trade, just at the very time when you had begun to congratulate yourself on a successful issue, is certainly most disheartening.

This result may generally be avoided by the use of tact and good management, in this wise: while negotiating a sale, and *after* you have a party interested, you can begin by intimating to your customer that one or two others are very much interested in your improvement; as you get along in the negotiation you can mention this again, and when at last you seem to be at the point of closing a trade, or when your customer has indicated that his mind is made up to buy, *then is the time to clinch the bargain.* He may say "all right, I will see you in the morning, and we

can close the thing up then,"—this is the critical time, it is just here the sale may fall through. Do not separate from him in this way if you can possibly avoid it. Do not let him leave you on such a plea as the above, for any trifling occurrence may cause him to change his mind; therefore, *now is your time to clinch the bargain.* You can now say that another party is considering the matter and may conclude to buy, and under these circumstances you cannot bind yourself to hold it open for him until morning, merely having his verbal promise to buy, it will not do for you to go on any uncertainty; the other party may come in at any time ready to close, and on a mere verbal bargain you would not feel justified in missing another opportunity to sell. Ask him to now make a small payment on the Right, if it is not more than five dollars, and offer to give your receipt for it. If he can comply with this, well and good. Should he claim to be unprepared to do this, you must be guided by circumstances; if you are convinced he is *anxious* to make the purchase, you had better suggest that he put up his watch, or some other article of value, to indemnify you for holding it for him until morning; if he assents to such a proposition, draw up a paper something like the following:

"This certifies that Thomas Jones, of New Dover, Ohio, has agreed to buy the Right of David O. Smith's Patent on Wash Boilers for the County of Union, State of Ohio, and to pay $300 for the same to-morrow, and now delivers to Robert S. Jackson, agent for said Smith, his gold watch as security for the fulfilment of this agreement, after which the watch is to be returned.

June 7, 1875. THOMAS JONES,
ROBERT S. JACKSON."

Make two copies of this paper, both copies to be signed by each party, and each party to retain a copy.

It is not advisable to propose this indemnity or security by taking some valuable article, unless you *feel confident* of being able to carry the point.

If neither cash payment nor article of security can be obtained, as a last resort propose that he sign a written agreement, setting forth the price to be paid for the Right, and naming the time when the same shall be paid; this need occupy but half a dozen lines, and his signature to it, with one or two persons as witnesses, will give you something better than a verbal promise to use as a kind of weapon, if he manifests a disposition to beat a retreat. A written agreement of this kind may not enable you to *compel* a party to fulfil his bargain, but the signing of such a document would make a man *feel under obligation* to carry out his agreement, and consequently there would be less likelihood of his changing his mind before seeing you again. By all means endeavor to clinch the bargain while your customer is warmed up on the subject.

JOINT STOCK COMPANIES.

It is sometimes desirable, instead of selling the Patent, to engage in the business of manufacturing the patented machine, or the goods which a patented machine produces, and if the Inventor has no capital he can resort to the plan frequently adopted with success, that of forming a joint stock company.

The laws of the several States of the Union provide for the incorporation of companies of this kind, and it is advisable that an Inventor who wishes to form such a company should take the advice at the outset of a competent attorney, in order that the incorporation of the company proceed in accordance with the laws of the State where the business is to be located.

Suppose the Inventor is willing to transfer his Patent to the company, and take his pay in certificates of stock, which shall be issued to him, and suppose it necessary to have $25,000 cash to carry on the business advantageously. The capital of the company may be fixed at $50,000, divided into 500 shares of the par value of $100 each.

Let us suppose the Inventor is to have 125 shares of stock, at $100=$12,500, for assigning his Patent. Other parties must then be found who will take the remaining 375 shares at $100=$37,500; but as it is required to raise only $25,000, those who subscribe to

these shares would have to pay only two-thirds of the value of each share, or $66.66\frac{2}{3}$ on the $100.

Should it ever become necessary to have additional capital, over and above what the profits of the business would supply, these shares then would be liable to an assessment of $33 33\frac{1}{3}$ each.

A business conducted on this plan by men of the right stamp, will generally afford an Inventor good returns in the dividends on his stock, and perhaps give him permanent employment on a good salary.

FORM FOR

ARTICLES OF ASSOCIATION

OF THE

Chicago Steam Washer Company

The subscribers hereto associate themselves as a body corporate, under and in pursuance of the provisions of the General Laws of the State of Illinois, authorizing the formation of joint stock companies, and they adopt the following general articles of association and agreement:

First. The name of this corporation shall be the "Chicago Steam Washer Company," and its capital stock shall be fifty thousand dollars, ($50,000,) to be divided into five hundred shares of one hundred dollars ($100) each.

Second. The purpose for which this said corporation is to be formed is to manufacture and sell the steam wash boilers covered by United States letters patent No. 73,513, dated May 16th, 1868, issued to David O. Smith, and to buy and sell such real and personal estate as may be necessary in the successful prosecution of said business.

Third. The principal place of business of said corporation shall be at Chicago, Illinois.

Fourth. Each subscriber hereto agrees to take the number of shares in the capital stock of said corporation set opposite his name, which shall be paid for by installments as may be called for by the directors hereafter appointed

Fifth. It is mutually agreed by and between the subscribers to said stock, whose names are signed hereto, that said David O. Smith may subscribe hereto for one hundred and twenty-five shares, amounting to twelve thousand five hundred dollars, ($12,500,) and that when said letters patent are fully assigned to said corporation, said Smith and his legal representatives shall be exempt from any further liability on account thereof, and that this allowance shall be payment in full for said letters patent, and the invention covered thereby, which shall thenceforward be the exclusive property of said corporation

CHICAGO, ILLINOIS, *July 1st*, 1875.

Names.	*No. of Shares.*	*Par Value.*
David O. Smith.....	125	$12,500
Harvey T. Johnson.....	100	10,000
Lewis C. Clark.....	75	7,500

NOTE.—The shares must all be subscribed for, and a certain percentage paid up in cash, (which varies in amount in the different States,) a meeting of the stockholders then follows, at which an organization is effected by electing President and Directors. The above Articles of Association, together with a certificate setting forth the names of the officers elected to serve for the first year, should then be duly recorded as provided by law.

INTRODUCING NEW INVENTIONS.

SMALL ARTICLES.

Many newly invented articles are now annually introduced to the public through the medium of canvassers or special selling agents, who go from house to house exhibiting the article, and explaining its utility, and selling as they go. This mode of introducing the sale of a new article has advantages not possessed by the regular channels of trade. The regular trade channels for selling merchandise is for the manufacturer to sell to the wholesale merchant, who in turn supplies the retail dealers and country storekeepers, they selling to the people, who are the users and consumers. The manner in which the majority of dealers do their business, as respects new articles, renders it unlikely that anything which requires explanation will meet with a quick success if placed on sale with them. Most dealers do not like to talk over an article very long; in the first place they often have a large variety of articles in their stock, and partly from this circumstance do not take special interest in a new article, and in fact it is frequently the case they do not even fairly understand the use and advantage of an article; of course, if such be the case, they can not properly show and explain it to their customers, and the article, in consequence, does not receive a fair

chance. But whether a storekeeper understands it well enough to exhibit it properly or not, he really has not the time to give it much attention; he treats it the same as he does other new goods, places it in a conspicuous place in his store, and lets it take its chances. Customers who come in are waited upon, shown whatever they ask for, but the storekeeper rarely takes the trouble to call the customer's attention to the new article. The result is that these new articles frequently remain on hand, and the dealer soon begins to regard them as unsalable, and finally becoming anxious to get his money out of them, he reduces the price, instructs his clerks to work them off, and very soon he is sold out of them; *but he don't want to lay in any more.* Meanwhile, some other merchant in the place has met with better success in selling them, has formed a better opinion of the article, and is in a fair way to sell a good many; just about this time he learns that his competitor in business has been underselling him, and perhaps some of his customers think *he* has been selling them too high. Of course this is discouraging to a dealer; it will not pay him to sell the article at the reduced price his competitor has fixed, and therefore he takes no further interest in it. The consequence is, the sale of the article in that town has been ruined, so far as the storekeepers are concerned.

This is no uncommon experience; many new articles of real usefulness have in this way struggled along, as it were, through years, meeting with small sales, and consequent light profits to the Inventor

For many small articles the plan of selling at first through agents, canvassers and peddlers, is to be pre-

ferred, at least until the article has become pretty well known, when it may be supplied to merchants without encountering the difficulties above mentioned.

In most every principal city of the Union may now be found parties who make a specialty of introducing and selling newly-patented articles, small wares and novelties. They keep on hand a stock of these goods, and supply their sub-agencies and canvassers, who peddle the goods direct to the houses and stores of the small towns and country villages. Some of these novelty dealers in the large cities carry on quite an extensive business of this kind, and an Inventor who will supply these parties may, through their agency, lay the foundation for a large sale for their article.

JOINT OWNERSHIP OF PATENTS.

UNDIVIDED INTERESTS.

So many patents are held and owned jointly by two or more persons, that it is an important matter to all persons thus interested to rightly understand the nature of the ownership each person has in the joint property.

In the case of a Patent granted to two or more joint Inventors, or where an Inventor assigns an undivided interest in his Patent to others, the nature of such joint ownership may seem plain enough, but it is evident a good deal of misconception exists among Inventors as to the *real scope* of the relation that joint owners bear to each other.

The ordinary relation of co-partner as understood at common law, and as exemplified in the case of two parties trading together as a firm, does not follow as a result of the connection of two or more persons owning undivided interests in a Patent.

It has never been judicially asserted that the several part owners of a Patent were liable in law, to contribute in the proportion of their respective ownership, to make good a loss sustained by an unfortunate operation of one part owner with his Patent privilege.

According to the law of Partnership, all the co-partners are liable, and each must bear his share of any loss incurred by the action of one partner in the usual course of business. But such is not the law of Co-Ownership of Patents.

THE LAW ON THE SUBJECT.

When an Inventor assigns an undivided interest in his Patent—that is, as it were, takes a partner, giving him a fourth or a half interest, as the case may be, he by such assignment divests himself of the *exclusive* right and privilege he before possessed as *sole* owner; and also he confers on this assignee—now become a part owner—the *same equally full* rights and privileges which the Patent granted to him before alone, and thenceforward the rights and privileges of the Patent are to be held, enjoyed and *exercised in common* by the two parties; not that *each* part owner shall have an equal share in the profits, or a share in proportion to his ownership, but that *either* one may freely exercise *all* the rights and privileges secured by the Patent; it is common property, to be used by both *or by either one* without liability to share his gains, or to account therefor to the other part owner, because in law one part owner of an undivided Patent privilege has as good a right to make, use and sell, and license or permit outside parties to make, use and sell the thing patented as the other; the right of the several part owners to do this rests on the joint ownership of the Patent privilege *common to each one;* neither part owner can enjoin or prevent the other from making, using and selling the thing patented, because the exer-

cise of these rights and privileges by *one* is no invasion or infringement upon the rights of the other.

This is the law so far as concerns the *exercise* by one part owner of the rights and privileges bestowed by the Patent. In regard to the disposal or transfer of the title to those rights, that is to the Patent itself, the law is clear and well settled; a part owner can sell and assign *only his own share* of the right, title and interest to the Patent, and no more; that is if he owns a half interest he can sell only his own undivided one-half, he cannot legally assign or transfer any portion of the territory.

It is unnecessary to enlarge upon the importance of so guarding the common property, that the interest of each joint owner may not become impaired by the business entanglements or unfair acts of the other.

Several plans for averting such disastrous results may be resorted to. One plan is to assign the whole interest in the Patent to a third party, in trust for the several owners; the trustee to be empowered and directed to administer the Patent for the benefit and joint account of the several part owners, according to the respective interest of each. While this plan may be practicable, in some cases where a Patent has become productive, it would not do where the invention is undeveloped or not yet introduced.

A better plan is for the joint owners to enter into a contract regulating the manner of using the Patent Rights and privileges. Such a contract would give to each part owner a right of action at law against the other, and would prevent one from monopolizing an undue share of the business or the profits.

Where a sole Patentee is about to sell or assign an

undivided interest in his Patent, a restriction or limiting clause may be embodied in the deed of assignment, stating how the rights and privileges under the Patent shall be exercised, and requiring each part owner to account to the other. A form of deed with such a restriction is here given.

FORM FOR ASSIGNMENT

of an undivided interest, with restriction.

In consideration of one dollar, to me paid by Benjamin Thomas, of Elmira, Illinois, I do hereby sell and assign to the said Benjamin Thomas one undivided half of all my right, title and interest in and to the letters patent of the United States, No. 73,513, dated May 16th, 1868, for an Improvement in Wash Boilers; the same to be held and enjoyed by the said Benjamin Thomas to the full end of the term for which said letters patent are granted.

This assignment is based and conditioned upon an agreement made this day between said Thomas and myself, the object and purpose of which is to define the manner in which the rights and privileges of this Patent shall be exercised by the owners thereof, and the several provisions of said agreement are hereby made and shall be taken as a part of this assignment.

Witness my hand, this 9th day of June, 1875.

DAVID O. SMITH.

The agreement following this paragraph is the one referred to in the form of assignment last given. This plan of agreement, it will be seen, is suited to any case where the several owners each desire to participate

more or less actively in the introduction of the article or the patented invention.

The Power of Attorney stipulated in the second article, to be given by each party to the other, is designed to be in the same form as the one heretofore given in this book; by the use of this form full provision is made that each party receives his rightful share of the proceeds of any sales of territorial or shop Rights made by the other party. Thus, by this plan, either one of the two owners are fully empowered to negotiate and *conclude* sales of Rights, and at the same time each one is fully protected from any unfair acts of the other.

FORM OF AGREEMENT

between joint owners of a Patent.

This agreement, made the 9th day of June, 1875, between David O. Smith, of the one part, and Benjamin Thomas, of the other part, both of Elmira, Illinois, witnesseth: that whereas Letters Patent of the United States, No. 73,513, for an Improvement in Wash Boilers, was granted to David O. Smith, dated May 16th, 1868, and whereas an undivided one-half interest in said Patent is about to be assigned to said Benjamin Thomas, and whereas said parties are desirous of arranging between themselves, for their mutual protection and advantage, the terms and conditions upon which they shall each exercise, use and enjoy the rights and privileges secured to them by said Patent. Now, therefore, the said parties have agreed to and with each other as follows:

First. The parties hereto are each to give without

charge as much of his time and attention as he reasonably can to promote their interests as joint owners of said Patent.

SECOND. That each party hereto shall and does herewith give to the other his power of attorney, irrevocable, each granting to the other authority to sign his name to any assignment, grant or license to be made under said Patent on the conditions therein named. (NOTE.—Instead of this Article see Article 2d, at the end of this form.)

THIRD. Each of the parties hereto shall be entitled to and shall receive one-half of all the revenues, receipts or profits arising from this Patent, except in those cases where a different provision is made in these articles of agreement.

FOURTH. Should sales of territorial Rights or licenses be negotiated or effected by either party hereto, at his own cost and expense, and unaided by the other party, then in such cases the division of the proceeds between the parties shall be sixty (60) per cent. of the gross amount to the one who made or effected the sale or license, and forty (40) per cent to the other.

FIFTH. In the event of any license being granted on the royalty plan, it shall be plainly stipulated therein that the portion or share of royalty fees due to each of the parties hereto shall be paid by the licensed party direct to each one, his heirs or assigns, without the assent, intervention or control of the other party; and a neglect, failure or refusal on the part of the licensed party so to pay to either of the parties hereto the share of royalty fees due him, shall be cause for either party hereto to cancel and annul

such license; and all licenses granted on the royalty plan shall contain a reservation empowering either part owner to cancel, annul and revoke the same for such cause.

SIXTH. Neither party hereto shall make or sell to others to be used in the United States the article which constitutes the subject matter of said Patent, without rendering an account and paying over monthly to the other party hereto the sum of $—— for each and every (*dozen or hundred articles, as may be,*) that are thus made and sold. Such accounts, if any, to be made and settled between the parties hereto on or before the tenth day of each month.

SEVENTH. Neither of the parties hereto will sell, assign, or otherwise dispose of the whole or any part of his own interest in said Patent, without first obtaining the written consent of the other party, and if, on application, such consent is refused, then the parties, (if either party demands it,) shall proceed to make a fair and equal division of the territory; and if no other plan for effecting the same can be agreed on, it shall be done by each party selecting alternately a State, the first choice to be determined by casting lot; the divided territory to be then duly assigned.

EIGHTH. This agreement shall not be construed to imply the existence of a co-partnership, and neither party hereto shall be liable for any debts, obligations or losses contracted or incurred by the other party.

NINTH. The parties hereto agree, each with the other, his heirs and assigns, to comply with all the terms and conditions herein named, and also those named in their respective powers of attorney herein referred to.

In witness whereof the above named parties have hereto set their hands to two copies of this agreement the day and year first above written.

DAVID O. SMITH,
BENJAMIN THOMAS.

Witness:
Chas. A. Wilson,
Edw. B. Dean.

Note.—This agreement should be recorded at the Patent Office at once.

Article 2d. (To be used instead of the Article Second in the above form, if the parties do not wish to give each other authority.)

Neither of the parties hereto shall have power to make any sale of Rights, nor grant licenses in any way to others to make, use or sell under said Patent, without the consent of the other party; and the signature of both parties hereto shall be essential to the validity of all assignments, grants or licenses.

The same agreement precisely, excepting the necessary change of phraseology in the preamble, is suited to two or more joint Inventors, and in view of its importance the subject should be well considered by Patentees thus situated.

PRIORITY OF INVENTION.

As soon as your ideas of an improvement have taken definite shape and form, make a sketch showing the same on paper, and if satisfied of its practicability, and that it will serve the desired purpose, you should then make more careful drawings of it, showing plainly the various parts in detail.

Having done this to your satisfaction, you should now proceed to have a model made, and at once apply for a Patent. But if for any reason you are not ready to file an application for a Patent, then you should take the necessary steps to enable you to establish the date of your invention. One plan to this end is to take the drawings you have made, and call on two or three of your most trustworthy friends or acquaintances, and let them examine the drawings until they fully understand them.

Upon a portion of the same sheet on which the drawings are made, write a certificate something like the following:

ELMIRA, ILLINOIS, *March* 10, 1868.

This is to certify that we have carefully examined the drawings on this sheet of an Improvement in Wash Boilers, and that the same have been explained to us this day by Mr. David O. Smith, who claims it as his invention.

WM. R. MATTHEWS,
JOSEPH B. WILLIAMS,
JOHN RICHARDSON.

It often happens that an Inventor is called on, either in Court where a Patent trial is pending, or before the Commissioner of Patents in a case of "interference," where a competitor is endeavoring to obtain a Patent for a similar thing, to show the date of his invention. Every Inventor should be able, therefore, by some reliable evidence, to show this date, as the validity of his Patent may depend on his doing so.

LAW OF PRIORITY.

"He is the prior Inventor, and is entitled to the Patent for an invention, who first embodies it in a complete, practical, working utensil, and exhibits it to the public, though another afterward reduces it to practice, and applies for a Patent before him."

Off. Gazette, Vol. 3, 348, Rice *vs.* Winchester.

AGENTS FOR THE SALE OF PATENTS.

A CAUTION.

A number of parties styling themselves "Patent Brokers," or "Agents for the sale of Patent Rights," hailing from Boston, New York city, Philadelphia, Vicksburg, Miss., and other places, send out their circulars to Inventors, claiming to possess "superior facilities" for selling Patents.

We took pains to investigate the manner in which these "Agents" conduct their business, our object in doing so was to learn what their facilities were, and to select one to sell our Patents. We soon found that their opportunities for finding purchasers was no better than our own, and in fact that the chances to sell our Patents were greater if we undertook the work ourselves.

Many of these Patent Brokers have absolutely no facilities whatever; some of them publish "Patent Right Papers," which are issued monthly, apparently to *subscribers* at $1.00 per annum, *but in fact* their circulation is almost wholly gratuitous, that is the papers are given away—distributed like handbills.

These papers are generally filled with advertisements of inventions for sale, but such advertising gives an invention but very little publicity—by no means

an amount of publicity commensurate with the charge of from ten to fifty dollars, that is usually exacted by these parties in advance therefor.

These *professional* "Patent Brokers" will tell you "if you would make your invention sell, you must advertise it,"—"you should put yourself in communication with capitalists, and others who are looking out for inventions of a meritorious character," etc., etc., which is to be accomplished, they say, by advertising in their wonderful paper—*that is given away and read by nobody.*

Men with means to buy are not found reading such papers, and do not so easily catch at new inventions.

These Patent Agents also state that they "rely largely upon their personal acquaintance among Bankers and Capitalists," which, they claim, is a great advantage. Now the fact is, such persons rarely invest in Patents; generally, Patent Rights are purchased by enterprising men of moderate means, or well established manufacturers.

It is the almost universal experience that Patents are *not* sold in the way and by the means these "Brokers" set forth—*not one Patent in a hundred is thus sold.* Hence we are forced to conclude that the pretensions of most of these Patent Brokers are mere shams, with no foundation. We cannot perceive wherein such persons have advantages over the Patentee.

They are frequently ready to undertake the sale of any Patent merely on receiving a copy of the specifications and drawings, *and the advance fee* "to pay for advertising,"—many of them being willing to dispense with a model altogether. No man can sell a Patent

without a perfect model; and this is not all—after he has the model, he must thoroughly understand its construction and mode of operation, and all its advantages; he must be earnest and enthusiastic when exhibiting it. All this, we undertake to say, is more than the so-called "Patent Broker" is qualified to perform. We warn Inventors not to pay any money to a *professional* Patent Broker.

ALL ABOUT LICENSES.

The law is well settled that Inventors are not required to take out a license anywhere within the limits of the United States, *to sell Rights* under his Patent.

STATE LAWS AFFECTING PATENTS.

All State laws designed to regulate the sale of Patent Rights are unconstitutional, and therefore null and void. The Constitution of the United States (article 1st, section 8,) confers on Congress the power to pass laws regulating Copyrights and Patents, just the same as it gives to Congress the power to make laws regulating the postal affairs

It is well understood that no State has any right or power to interfere with the mails or postoffice matters, because these are National affairs, having their origin with the General Government. Now United States Patents are precisely to the same extent a National matter also, subject only, like postal matters, to the laws and regulations of the General Government. It must be clear, then, to the most ordinary comprehension, that those States which have passed laws attempting to regulate the sale of Patents have done what they had no shadow of right to do, and conse-

quently all such laws are of no force or effect whatever. Fortunately there are several judicial decisions on this point that determine the matter conclusively.

DECISIONS.

Circuit Court of the United States—District of Indiana.

Before the Hon. David Davis, one of the Judges of said Court, May 30, 1870. *Case:* Major J. Robinson—Petition for writ of habeas corpus.

The facts in this case were as follows: Robinson was the traveling agent of the owners of a Patent granted to Goodyear and Cummings, and was selling county Rights under said Patent On the 23d of May, 1870, Robinson offered to sell the Right of Grant county to Harrison H. La Fever, a dentist, for $100, which La Fever agreed to pay. Before the sale was completed the district attorney of the county instituted proceedings against Robinson, under the provisions of a State law, (3 Ind. Stat., 364,) which took effect April 23, 1869. Robinson was charged with not complying with the terms of the law, (selling Rights without a license,) and was committed to the county jail; thereupon his counsel petitioned the United States Court at Indianapolis for a writ of habeas corpus.

Judge Davis decided that property in inventions exists by virtue of the laws of Congress, and no State has a right to interfere with its enjoyment. If the Patentee complies with the laws of Congress on the subject, he has a right to go into the open market, anywhere within the United States, and sell his property. If this were not so, it is easy to see that a State could

impose terms which would result in a prohibition of the sale of this species of property within its borders, and in this way nullify the laws of Congress. It is clear this kind of legislation is unauthorized, for it throws burthens on the owners of this kind of property which Congress has not seen fit to impose on them. It attempts to punish a Patentee for doing with his property what the National Legislature has authorized him to do, and is therefore void.

Robinson is ordered to be discharged.

Another decision is given, because in the case decided the question was as to the constitutional validity of the State law, requiring notes given for a Patent Right to have the words "Given for a Patent Right" written or printed on the face of the obligation.

Huntington Circuit Court—State of Indiana.

Helm *vs.* The First National Bank of Huntington.

Decision.

Buskirk, J.—This is an appeal from a judgment of the Court below, rendered on a promissory note to which Helm, who was defendant below, pleaded in substance that his said note, the subject of this suit, was given for a Patent Right, and that said note was invalid and void by reason of not having the words "Given for a Patent Right" inserted thereon, as required by a statute of the State. 3d Ind. Stat., 364.

The second section of the Act referred to provides that the words named shall be inserted in the body of the obligation. The third section provides a penalty, to which any person shall be subject who takes an

obligation for a Patent Right without complying with this requirement.

If the Legislature of this State possessed the constitutional power to enact the law in question, there can be no doubt that a note taken in violation of its provisions would be illegal and void.

The eighth section of the first article of the Constitution of the United States confers on Congress the power "to promote the progress of science and useful arts by securing for limited times to authors and Inventors the exclusive right to their respective writings and discoveries."

It is insisted by counsel for appellee (the Bank) that the above grant of powers confers upon the National Government the exclusive power to legislate on the subject of Patents, and that consequently the Legislature of this State possesses no power to legislate on the subject.

The Federal Government has, continuously, from the adoption of the Constitution down to the present time, legislated on the subject of Patents and Patent Rights. Such legislation has covered the entire ground; for it has not only regulated the manner in which a Patent may be obtained from the General Government, but it has prescribed the manner in which such Right may be sold and conveyed, and has imposed penalties for the infringement thereof. * * * * We are of the opinion that the Legislature of Indiana possessed no power to pass the statute under consideration, and it must, therefore, be held unconstitutional and void.

The judgment is affirmed, with costs.

There are other decisions of a similar character to the above, but these are enough to set the seal of condemnation on all State laws which attempt to regulate the sale of Patents.

VALUABLE INFORMATION FOR PATENT OWNERS.

PATENT LAWS AND DECISIONS.

Injunctions.

"An injunction against infringing a Patent will be granted only when the Patentee shows either that he has recovered a judgment on it in a suit, or that he has used and enjoyed his Right under it so long as to warrant the presumption that the public have acquiesced in it." Brown *vs.* Hinkley & Cole, Vol. 3, 384.

"Doubts being entertained whether a Patent was not invalid for want of novelty in the invention, a preliminary injunction was refused." Fales & Chipman *vs.* Wentworth, Vol. 1, 58.

Infringement.

"Unless every element embraced in a combination is used, or some equivalent for it, a Patent for it is not infringed." Brown *vs.* Hinkley & Cole, Vol. 3, 384.

"If the defendant has incorporated the devices covered by the plaintiff's Patent into his machine, he is liable as an infringer, although it contains other different features." Buerk *vs.* Valentine, Vol. 2, 295.

"A device that performs all the functions of one that is patented substantially in the same way, and by the same means, is not the less an equivalent (infringement) of it because it performs some of those functions better, or performs others in addition to them." Wheeler *vs.* The Clipper Mower and R. Co., Vol. 2, 442.

"It is no infringement to use those elements of a patented combination, in which the Patentee has no exclusive property, in combination with other mechanisms." * * * Dane et al *vs.* Chicago Manuf. Co., Vol. 2, 680.

Damages.

"In an action for infringing a Patent, the damages are not to be estimated according to what the defendant has made or might have made, but according to what the plaintiff has lost." McComb et al. *vs.* Brodie, Vol. 2, 117.

"If the owner of a Patent has an established fee for a license to work under it, that constitutes the proper measure of damages to be recovered by him for infringing it." Emerson et al. *vs.* Simms et al., Vol. 3, 293.

"If the Patentee is engaged in manufacturing the patented article for sale, his damages will be manufacturer's profits." Westlake *vs.* Carter, Vol. 4, 636.

Employing Workmen to Assist.

"An Inventor may avail himself of the knowledge and skill of experts (or artisans) in reducing his improvement to practice without jeoparding his right to it." Gilbert *vs.* Clark et al., Vol 5, 428.

Table of Official Fees.

On filing every application for a design, for three years and six months	$10 00
On filing every application for a design, for seven years	15 00
On filing every application for a design, for fourteen years	30 00
On filing every caveat	10 00
On filing every application for a patent	15 00
On issuing each original patent	20 00
On filing a disclaimer	10 00
On filing every application for a reissue	30 00
On filing every application for a division of a reissue	30 00
On filing every application for an extension	50 00
On the grant of every extension	50 00
On filing the first appeal from a primary examiner to examiners-in-chief	10 00
On filing an appeal to the commissioner from examiners-in-chief	20 00
On depositing a trade mark for registration	25 00
For every copy of a patent or other instrument, for every 100 words	10
For every certified copy of drawing, the cost of having it made	
For copies of papers not certified, the cost of having them made	
For recording every assignment of 300 words or under	1 00
For recording every assignment, if over 300 and not over 1,000 words	2 00

For recording every assignment, if over 1,000 words..... 3 00
For uncertified copies of specifications and drawings of patents issued since July 1, 1871 25
Twenty copies or more, whether of one or several patents, per copy..... 10
For copies of same issued prior to July 1, 1871, the reasonable cost of having them made.

In ordering copies of any Patent, state plainly Inventor's name, title of invention, and date of Patent.

Lapsed Applications.

"Where an application for a Patent has been allowed and the final Government fee not paid within the following six months, the application is forfeited, but the Inventor may make a new application, and pay the fee therefor within two years of original allowance."

Kind of Rights that may be sold.

The Patentee may convey separate Rights under his Patent to make or to use or to sell his invention, or he may convey territorial or shop Rights, which are not exclusive.

Recording Deeds.

Every assignment or grant of an exclusive territorial Right must be recorded in the Patent Office within three months from the execution thereof; otherwise it will be void as against any subsequent purchaser or mortgagee for a valuable consideration without notice; but, if recorded after that time, it will protect the assignee or grantee against any such subsequent

purchaser, whose assignment or grant is not then on record.

How to obtain the Rules of the Patent Office.

The Rules and Regulations of the Patent Office, comprising a pamphlet of 70 pages, are published for gratuitous distribution; any Inventor may obtain a copy of the same by writing to the Commissioner of Patents, and enclosing a postage stamp.

No more Extensions.

Patents issued prior to March 4th, 1861, were granted for fourteen years, and the Commissioner could *extend* such Patents for seven years. The original term of such Patents having expired March 4, 1875, there will be *no more extensions*, except allowed by special act of Congress.

CONCERNING THE IMPORTANCE OF GOOD BLANKS.

Every one who has had experience in selling Patent Rights understands how important it is to the Inventor or Owner of a Patent to have printed blanks of the best character.

The common printed blanks generally employed for making assignments and power of attorney for agents to sell, should not be used; they are really unsafe for Patent owners, for they contain no proper restricting clauses.

If the Inventor gives his personal attention to making assignments, licenses, &c., he cannot be too careful; but when he delegates to an agent the authority to execute these papers, it becomes a matter of the highest importance that his blanks should be carefully worded and drawn up in compliance with the latest judicial decisions.

Our improved blanks are devised with the view of protecting the Inventor, and in many respects are different from all others; they are handsomely printed and are certain to make a favorable impression, because they have a genuine business appearance.

The printed explanation, which accompanies every "specimen" set of Blanks, sets forth in detail the advantages derived by the various peculiarities of these

papers. We hazard nothing in saying that a set of these Blanks, in the hands of a good Patent salesman, will be of great aid to him in effecting sales of Rights. Every Inventor who intends to sell Territorial Rights of his Patent should by all means have these documents.

Our arrangements for supplying Inventors with these improved blanks are complete; we keep the type standing all the time, and can readily make the alterations to suit at trifling cost. We print them in the same style as the specimen set of blanks sent with the book, giving Inventor or Owner's name and residence, and date and number of Patent, so as to suit the sale of any invention.

We will furnish these papers in sets, or in any way that may be desired, at about half the cost incident to printing them in any office where the type would have to be reset.

For particulars as to cost of these Blanks, etc., address S. S. MANN & Co., Baltimore, Md.